

Technical Note
Gross Domestic Product, Fourth Quarter 2002 (Preliminary)
February 28, 2003

This technical note provides background information about the source data and estimating methods used to produce the estimates presented in the GDP news release; the note also provides some perspective on the estimates. Additional material will become available in the next several days; much of it will be posted to BEA's Web site <www.bea.gov>. In a few weeks, the estimates will be published in BEA's monthly journal, the *Survey of Current Business*. The *Survey* also will provide a more detailed analysis of the estimates ("The Business Situation").

Real GDP (revised): Real GDP is now estimated to have increased 1.4 percent (annual rate) in the fourth quarter of 2002 after increasing 4.0 percent in the third quarter. The revised estimate for the fourth quarter is 0.7 percentage point higher than the advance estimate released a month ago. The slowdown from the third to the fourth quarter was mainly accounted for by consumer spending and exports.

Real final sales of domestic product -- GDP less change in private inventories -- increased 1.2 percent in the fourth quarter after increasing 3.4 percent in the third.

Prices (revised): The price index for gross domestic purchases increased 1.6 percent in the fourth quarter, 0.2 percentage point less than the advance estimate. This measure of prices increased 1.2 percent in the third quarter.

Sources of Revision to Real GDP

The upward revision to fourth-quarter real GDP reflected the incorporation of revised and newly available source data for several of the major GDP components:

- C Inventory investment was revised up, reflecting upward revisions to both nonfarm inventories and farm inventories. In nonfarm, the revision reflected the incorporation of revised Census Bureau data on book value of inventories for November and newly available data for December. In farm, the revision was to crop inventories, reflecting revised 2002 and new 2003 U.S. Department of Agriculture data.
- C Consumer spending was revised up, reflecting upward revisions to nondurable goods and to services. In nondurable goods, the revision reflected revised Census retail sales data for November and December, revised Energy Information Administration (EIA) data for November, and revised seasonally adjusted consumer price indexes. In services, the revision was more than accounted for by electricity and gas services, reflecting newly available EIA data for October.

The effect of these revisions on GDP was partly offset by a downward revision to exports and an upward revision to imports that primarily reflected the incorporation of newly available Census Bureau goods data for December.

Table A shows both the BEA assumptions used for the advance estimate of GDP and the newly available and revised source data incorporated for the preliminary estimate for selected key series.

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Table A.--SOURCE DATA FOR THE ADVANCE AND PRELIMINARY
ESTIMATES OF GDP FOR THE FOURTH QUARTER OF 2002

This table shows the actual data used for the preliminary estimate of GDP for the fourth quarter of 2002. For these key series, actual data for December were not available in time for inclusion in the advance GDP estimate released on January 30, 2003, and BEA made assumptions for these source data. The numbers in brackets show the December values that had been assumed for the advance estimate. For most series, the data incorporated for November and, in some cases, for October, were preliminary, and the numbers shown in brackets are the values used last month.

All series shown in the table are in billions of dollars, seasonally adjusted at annual rates, and are published by the Bureau of the Census.

	2002					
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Private fixed investment:						
Nonresidential structures:						
Buildings:						
1 Value of new nonresidential construction put in place.....	163.7	159.8	156.5	160.2 {158.9}	161.7 {158.7}	158.6 {158.9}
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	38.6	28.6	31.9	32.2	31.1 {31.1}	26.1 {23.1}
Residential structures:						
Value of new residential construction put in place						
3 1-unit structures.....	261.8	259.3	263.8	267.9 {267.1}	273.1 {271.3}	280.7 {274.2}
4 2-unit-or-more.....	33.4	33.4	33.0	31.9 {32.0}	31.6 {32.1}	33.8 {32.5}
Change in private inventories:						
5 Change in inventories for nondurable manufacturing.....	10.2	10.9	16.4	2.0	-3.6 {-7.3}	-6.3 {-2.2}
5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment.....	31.0	12.4	26.3	-34.4	20.6 {14.7}	57.9 {-5.1}
Net exports:						
Exports of goods:						
6 U.S. exports of goods, international-transactions-accounts basis.....	708.2	698.2	698.1	687.3	694.1 {695.6}	666.9 {691.8}
6a Excluding gold.....	704.2	694.9	694.6	683.8	690.2	662.3

{691.3} {688.2}

Imports of goods:

7 U.S. imports of goods,
international-transactions-
accounts basis.....

1177.3	1207.0	1194.4	1162.7	1225.4	1247.3
				{1227.5}	{1224.0}

7a Excluding gold.....

1174.3	1203.9	1191.5	1159.0	1222.5	1245.0
				{1224.6}	{1220.4}

8 Net exports of goods.....

-469.2	-508.8	-496.3	-475.4	-531.3	-580.4
				{-531.9}	{-532.2}

8a Excluding gold.....

-470.0	-509.0	-497.0	-475.3	-532.2	-582.7
				{-533.3}	{-532.2}

Government:

State and local:

Structures:

9 Value of new construction put
in place.....

185.8	186.4	190.5	186.3	192.1	192.9
			{187.9}	{191.9}	{189.9}